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[1]

The European carbon price surged to a fresh record high on Thursday, with the price rallying on a host of bullish factors, including the EU's more ambitious emissions reduction target, compliance buying and strengthening gas prices.

The April-date contract for EU Allowances (EUAs) settled at a fresh high of EUR 47/tonne on Thursday, with the benchmark December 2021 contract closing at EUR 47.09/tonne.

The rally was pinned on the market absorbing Brussels' new Climate Law, under which the bloc has agreed to cut carbon emissions by at least 55% by 2030, compared with 1990 levels. Compliance buying and strengthening gas prices also helped lift the European carbon price to new record high.

European gas prices hit a fresh three-month high, with the front-month NBP and TTF contracts settling in the USD 7.5/MMBtu range. The European gas markers have been rallying on concerns over low storage levels on the continent, with withdrawals still occurring in what is now the injection season. Cold weather and lower pipeline volumes – namely from Norway due to planned maintenance – has seen continued draw downs on Europe's gas storage in April.

As for JKM, the Asian LNG marker remained unchanged at USD 8.55/MMBtu on Thursday.

In the US, Henry Hub returned to the USD 2.7/MMBtu range after rallying by 2.1% on Thursday. Henry Hub rallied on the US Energy Information Administration (EIA) reporting a lower-than-expected build in gas storage last week.

US gas storage increased by 38 Bcf for the week ending 16 April, to total ~1.8 Tcf. Analysts polled by Reuters had expected gas injections to hit 49 Bcf last week.

Crude prices stopped the rot on Thursday, with the front-month Brent and WTI contracts recording marginal gains on the back of concerns over lower production in Libya. The north African nation announced that its crude production has fallen to ~1 million barrels/d and that production may decline further due to budgetary matters, according to Reuters.

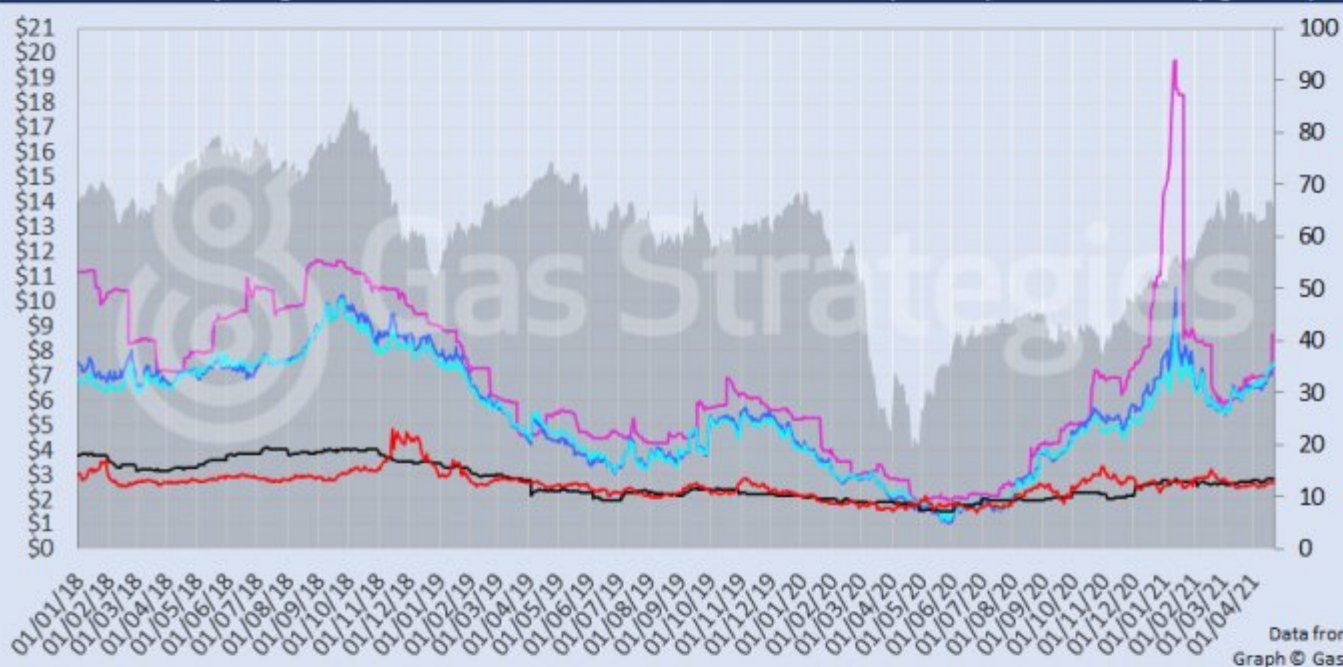
The supply concerns outweighed demand concerns posed by rising Covid-19 cases in major oil importers India and Japan.

The front-month Brent and WTI contracts remained in the respective USD 65/barrel and USD 61/barrel ranges.

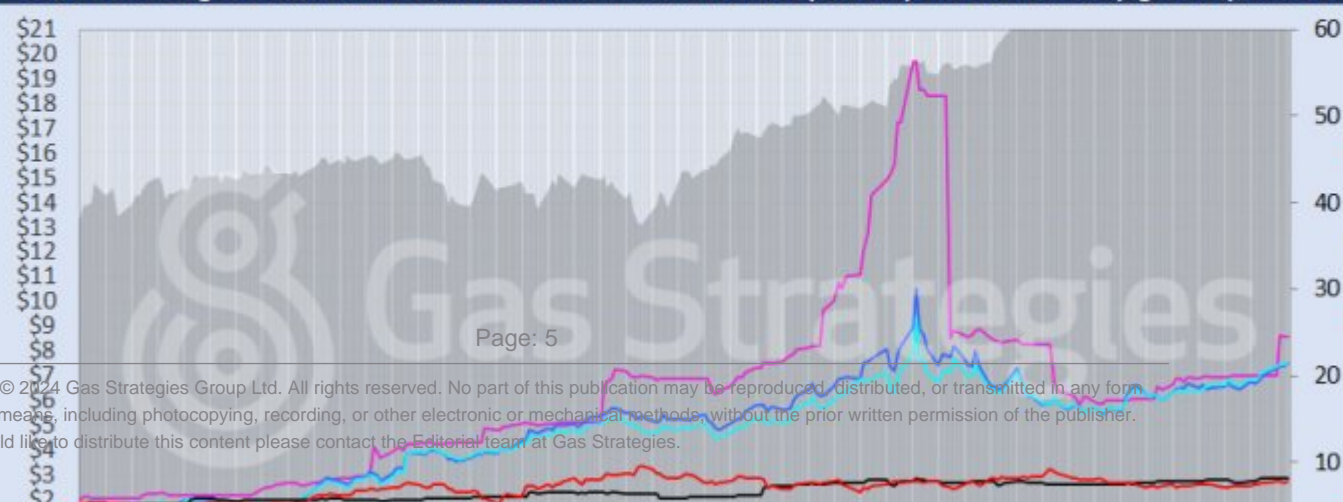
*Front-month futures and indexes at last close with day-on-day changes (click to enlarge):*

Front-month futures/index	22/04/2021	21/04/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.75	2.69	0.06	
NBP (\$/MMBtu)	7.50	7.36	0.14	
NBP (£p/th)	53.86	52.82	1.04	
Henry Hub-NBP spread	4.75	4.67	0.09	
TTF (\$/MMBtu)	7.54	7.44	0.09	
TTF (€/MWh)	21.37	21.11	0.26	
Henry Hub-TTF spread	4.79	4.75	0.04	
JKM (\$/MMBtu)	8.55	8.55	0.00	
TTF-JKM spread	1.01	1.11	-0.09	
Henry Hub-JKM spread	5.80	5.86	-0.06	
Brent (\$/barrel)	65.40	65.32	0.08	
WTI (\$/barrel)	61.43	61.35	0.08	
Brent-WTI spread (\$/barrel)	3.97	3.97	0.00	
API2 Coal (\$/tonne)	71.65	71.60	0.05	
API2 Coal (\$/MMBtu)	2.87	2.86	0.00	
EU CO <sub>2</sub> emissions allowances (€/tonne)	47.00	45.81	1.19	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2018



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2018



[2]

*Time references based on London GMT. Brent, WTI, NBP, TTF and EU CO2 data from ICE. Henry Hub, JKM and API2 data from CME. Prices in USD/MMBtu based on exchange rates at last market close. All monetary values rounded to nearest whole cent/penny. Text and graphic copyright © Gas Strategies, all rights.*



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